

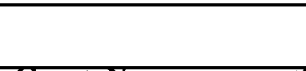
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5 December 1961



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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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*Laos: The impasse over arrangements for a meeting of the three princes continues as the varying factions counter each other's proposals. Following Souvanna's reiteration of willingness to meet in Vientiane provided his terms for security and staff personnel are met, Boun Oum on 4 December offered to travel alone to the Plaine des Jarres with no military guard provided Souvanna promised to come to Vientiane later on like terms.

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Phoumi, in discussing his objections to Souvanna's terms, told Ambassador Brown on 3 December that the US seemed to think Souvanna was a "god" who had to be deferred to, and that he felt he was getting nothing but pressure, rather than support, from the United States. To Ambassador Brown's statement that he was sure the other side wanted a meeting and an agreement, Phoumi replied that this showed Brown was really supporting Souvanna. Phoumi said darkly he hoped the US realized that problems would be much worse when the negotiations started than they are now and characterized Souvanna as being completely under Communist influence. [REDACTED]

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Communist China - Vietnam: The Chinese Communists have recently increased their purchases of South Vietnamese currency in Hong Kong; [REDACTED]

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[REDACTED] Communist China, which warned last week that it "cannot remain indifferent" to US activity in South Vietnam, probably will transfer these funds to Hanoi for use in the South. The Chinese have made smaller purchases of South Vietnamese currency in the past to assist Hanoi's efforts. Last January Peiping assisted the Laotian rebels by purchasing US currency for their use. [REDACTED]

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Hungary: Deputy Premier Gyula Kallai announced on 4 December at a press conference to which foreign journalists were specially invited that the Hungarian regime, as part of a general effort to improve relations with the United States, was "prepared to discuss conditions under which the problem of Cardinal Mindszenty can be solved." Kallai referred to President Kennedy's statement to Izvestia editor Alexey Adzhubey favoring international negotiations as a means of reducing world tension. Hungary is apparently attempting to use the current pressure for East-West negotiations in order to establish normal relations with the US as a step toward improving its international position. [REDACTED] (Backup, Page 1)

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*Syria: The victory of conservative elements in the 1-2 December parliamentary elections does not assure the creation of a stable government. The election of a large number of independent candidates may be exploited by leftist and Baathist elements and result in eventual leftist domination of parliament. Additionally, the election of several former army officers to parliamentary seats is likely to encourage politically inclined army officers to form alliances with politicians in much the same fashion as prevailed during the years 1954-58. Khalid al-Azm, who followed a leftist and pro-Soviet policy prior to the union with Egypt in 1958, made a strong showing in the elections and will be a further unsettling influence. [REDACTED]

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[REDACTED] 25X1

Hungary Offers to Negotiate Mindszenty Question With US

The offer to find a solution to the Mindszenty problem constitutes a marked reversal of a long-standing policy. The presence of Cardinal Mindszenty in the US Legation in Budapest has been an irritant to US-Hungarian relations since he sought political asylum in November 1956. The Hungarians have consistently refused to grant him either safe conduct out of the country or a guarantee of immunity from arrest within the country, and have characterized his case as a criminal matter not subject to international negotiation.

The Hungarian regime has been trying since last August to keep the door open for normalization of its international position, despite the increasing tension in East-West relations. On 12 October, in a speech to the UN General Assembly, Hungarian Foreign Minister Janos Peter described "US feelers" for improvement in relations with the US. In a conversation on 18 October with the US chargé in Budapest, an official of the Hungarian Foreign Ministry expressed hope for improving bilateral relations and asked for an unofficial opinion on the idea of opening a Hungarian commercial office in New York. He was told that substantial political concessions would be required before such an agreement could be reached, and then only in the context of a general settlement of bilateral relations.

A solution to the Mindszenty problem would be only the first step in the political concessions which the United States has indicated as the price for a normalization of its relations with Budapest. Other regime acts which would contribute toward a rapprochement with the US include the release of those prisoners sentenced in recent years for their activities in the 1956 revolt, and the adoption of a more liberal emigration policy for Hungarians wishing to join their families abroad.

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